

Overview of the Climate Action Reserve



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RESERVE

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California Climate
Action Registry

California Climate Action Registry



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- Non-profit greenhouse gas registry created by state legislation in 2001
 - Encourage voluntary reporting and reductions
 - Develop protocols to track GHG emissions and reductions
- Members include leading businesses, government agencies, educational institutions, non-profits, and others across US
 - Over 350 members and 650 million metric tons CO₂e registered for years 2000 - 2007

What is the Climate Action Reserve?



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- New CCAR program to register and track carbon offset projects throughout the U.S.
- Intended to be the premier place to register carbon offset projects for North America
 - Until now, U.S.-based projects only
 - Expanding to Mexico and Canada

What makes the Reserve different? *Recognition*



Recognized and Supported by:

- California Air Resources Board
- State of Pennsylvania
- Voluntary Carbon Standard (VCS)
- Leading environmental organizations:
 - Environmental Defense Fund (EDF)
 - Natural Resources Defense Council (NRDC)
 - Sierra Club

What makes the Reserve different? *Transparency*



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- Unparalleled transparency makes the Reserve unique
- Public reports include:
 - All protocols
 - List of all account-holders
 - List of all projects and all project documents
 - List of all issued CRTs for every project
 - All retired CRTs

What makes the Reserve different? *Performance standard = Ease of use*



- Why a performance standard is different
 - The hard work is upfront
 - Assess industry practice as a whole, rather than individual project activities
- Less subjective determination to qualify
- More certainty in amount of credits
- Lower risk for developers
- Faster project processing

Existing Protocols

- Forestry
 - Conservation-based forest management
 - Avoided conversion
 - Reforestation
 - CA-only, but soon will be national
- Landfill gas capture
- Agricultural methane capture
- Urban forestry

Crediting reductions

- Developer opens an account on the Reserve
 - Reserve software is operated by APX
- Once project is verified, CCAR credits the project developer's account with the appropriate number of CRTs (climate reserve tonnes, pronounced “carrots”)
 - Project documents are visible to the public
- Each CRT has a unique serial number for tracking
 - Includes embedded information about the project, project type, vintage, and location



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Transferring credits

- Developer contracts to sell CRTs with an interested buyer
 - Financial transaction is outside of the system
 - Buyer must have an account on the system or seller can retire them on behalf of buyer
- Developer instructs the system to transfer the CRTs into the buyer's account
- Buyer can hold them, retire them or transfer them to someone else

The Landfill Gas Protocol

- Version 2.0, Adopted 11/18/2008
- Project definition: “Installation of a landfill gas control system for capturing and destroying methane gas that commences operations on or after January 1, 2001”
- Including:
 - Onsite destruction
 - Transported offsite for destruction
 - Destruction in/for vehicle power

Determining eligibility— five steps



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- Regulatory screen—not legally required
- Performance standard for additionality
 - Capture and destruction installed where not legally required
- Project started operation after 1/1/2001
 - After Nov 2009, only new projects
- Location--must be in the United States
- Compliance--must meet all applicable environmental regulations



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Start Date

- Until November, 2009:
 - Any project that became operational on or after January 1, 2001
- After November, 2009:
 - Any project that became operational within six months of being submitted to the Reserve



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Current Stats

- Reserve launched: May 2008
- Account-holders: 57
- Registered or listed projects: 22
 - Another 16 submitted
 - 15/38 are landfills
- CRTs issued: 514,774
- According to ***New Carbon Finance, Voluntary Carbon Index***, November 14, 2008
 - Current average price: \$10.20/tonne
 - The Reserve, together with Gold Standard, account for 58% of carbon trading volume in North America

Three Big Carbon Market Trends for 2009



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1. Movement from standards to registries
2. Consolidation of various standards and registries
3. Blending of the voluntary and compliance markets

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